

Message Text

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FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 5520

INFO AMEMBASSY AMMAN

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMCONSUL DHAHRAN

C O N F I D E N T I A L BEIRUT 9595

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, ELTN, JO, SA, LE, US

SUBJECT: TAPLINE: NEW CRISIS, RELIEF LIKELY

REF: BEIRUT 9388

SUMMARY: MEDRECO NOW SAYING MEDRECO CRUDE SUPPLIES CANNOT BE GUARANTEED BEYOND AUGUST 20 BUT TAPLINE EXPECTS TO BE AUTHORIZED TO PROVIDE MORE CRUDE TO AVERT CRISIS. DODGE REPORTS SUFFICIENT PROGRESS ON PAST CRUDE DEBT PROBLEM TO HOPE FOR ITS RESOLUTION AFTER BOTH SIDES CONTACT SAG ONCE MORE. END SUMMARY.

1. REVERTING TO PERILS-OF-PAULINE FORM, POTENTIAL NEW CRISIS HAS ARISEN WITH DISCOVERY THIS WEEK BY MEDRECO THAT CONTAMINATION OF REMAINING TAPLINE CRUDE IN STORAGE MAKES IT IMPOSSIBLE TO GUARANTEE CRUDE SUPPLY TO MEDRECO REFINERY BEYOND AUGUST 20 FROM CURRENT CRUDE STOCKS.

2. UPON LEARNING THIS, GOL PROMPTLY ASKED TAPLINE NOT RPT NOT TO ALLOW FUEL CRISIS TO DEVELOP AND
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ASKED THAT MORE CRUDE BE PUMPED TO SIDON TO ASSURE

MEDRECO SUPPLIES. TAPLINE BEIRUT SEEKING INSTRUCTIONS FROM ARAMCO AND "EXPECTS" THAT IT WILL BE TOLD TO PROVIDE MORE CLEAN CRUDE TO AVERT AUGUST CRISIS. TAPLINE ASSUMES SAUDIS WILL SUPPORT GOL PLEA AND THAT ARAMCO NOT RPT NOT DISPOSED BUCK SAG AT THIS TIME. WE EXPECT DEFINITE WORD ON THIS ON AUGUST 1.

3. SOURCE ABOVE IS DODGE, TAPLINE BEIRUT, WHO ASKS THAT IT BE CLOSELY HELD. HE ALSO DISCLOSED THAT TAPLINE AND GOL HAD GOOD ONE-DAY NEGOTIATING SESSION JULY 28, MAKING ENOUGH PROGRESS ON CRUDE DEBT PROBLEM TO RAISE HOPES THAT THIS PARTICULAR ISSUE CAN BE RESOLVED NEXT FEW WEEKS. DUE TO DIFFERENCES OF INTERPRETATION OF SAUDI GUIDANCE, BOTH TAPLINE AND GOL MUST CONTACT SAG ONCE MORE. DODGE EXPECTS THAT GOL WILL SEND DELEGATION HEADED BY OILMIN TWEINI, PROBABLY NEXT WEEK. ONCE PAST DEBT PROBLEM RESOLVED, THE TWO SIDES CAN START ON FUTURE CRUDE SUPPLIES.

4. DODGE ALSO SAID TAPLINE IS ATTEMPTING TO ARRANGE TALKS WITH JORDAN GOVERNMENT FOR AUGUST 2.

5. COMMENT: FROM DODGE COMMENTS IT APPEARS THAT TAPLINE HAS SUCCEEDED IN GETTING BOTH SAG AND GOL TO TREAT PROBLEM AS ESSENTIALLY ONE FOR THE GOVERNMENTS TO RESOLVE. HE CONFIDENT SAG WILL NOT RPT NOT EXPECT TAPLINE TO TAKE A LOSS ON PAST CRUDE SUPPLIES (NOR A PROFIT) AND SEEMS TO THINK THIS PRINCIPLE WOLL EXTEND TO FUTURE OPERATIONS. INFORMATION THIS CABLE SHOULD NOT BE DISCUSSED WITH COMPANIES INVOLVED.
GODLEY

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